

Message Text

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TO CINCPACREP GUAM IMMEDIATE

C O N F I D E N T I A L STATE 199139

CINCPACREP GUAM:PASS TO SLNO

E.O. 11652: GDS-84

TAGS: OGEN, TQ

SUBJECT: AUGUST 17 GUAM TRANSITION MEETING

1. YOU WILL BE ACTING AS AN OBSERVER FOR AMB ROSENBLATT
AT SUBJ MEETING IN THE EVENT THAT IT TAKES PLACE.
PURPOSE OF THIS CABLE IS TO PROVIDE YOU BACKGROUND AND
TO OUTLINE BROAD OMSN VIEWS ON TRANSITION ISSUES SO YOU
CAN BRIEF HICOM IN ADVANCE OF MEETING. OF COURSE WE DO
NOT KNOW WHAT ISSUES HICOM MAY WISH TO DISCUSS AT SUCH
MEETING. IF IT SHOULD APPEAR THAT HE HAS IN MIND TO
DISCUSS MATTERS NOT COVERED HEREIN YOU OR HE MAY WISH TO
GET BACK TO OMSN FOR OUR COMMENTS.

2. DISCUSSIONS WITH DOTA AND WITH MICRONESIANS TO DATE
HAVE DEFINED TWO TRANSITION PERIODS. TRANSITION 1
STARTED WITH COMPLETION OF THE CFSM REFERENDUM AND WILL
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END WITH THE PRE-TERMINATION INSTALLATION OF CONSTITUTIONAL
GOVERNMENTS IN THE THREE MICRONESIAN POLITICAL ENTITIES.
TRANSITION 2 RELATES TO THE SHIFT FROM TRUSTEESHIP TO
FREE ASSOCIATION AND HAS NO CLEAR COMMENCEMENT DATE.
THERE ARE OBVIOUSLY ISSUES AND QUESTIONS WHICH RELATE
PRIMARILY TO EITHER TRANSITION 1 OR TRANSITION 2 BUT
THERE ARE ALSO ISSUES WHICH PERMEATE BOTH. IT IS OUR

UNDERSTANDING FROM DOTA THAT ANY GUAM MEETING WILL
CONCERN ITSELF SOLELY WITH TRANSITION 1 WHICH IS LARGELY

THE CONCERN OF OTA AND HICOM. WE STRONGLY CONCUR THAT A GUAM MEETING SHOULD STICK TO THAT TOPIC IN WHICH OMSN INTEREST IS FOCUSSED ON MATTERS OF TIMING AND COORDINATION WITH THE STATUS NEGOTIATIONS. SINCE, HOWEVER, DIFFICULT SUBSTANTIVE ISSUES WILL INEVITABLY HAVE SPILL-OVER IMPACT ON NEGOTIATIONS WE MUST BE INVOLVED AT ALL STAGES.

3. MOST IMMEDIATE TRANSITION 1 ISSUE IS CHANGES IN THE STRUCTURE OF THE TRUST TERRITORY GOVERNMENT (TTG) TO REFLECT THE RESULTS OF THE REFERENDUM. AS RESULT OF CONTINGENCY POSITION DISCUSSED SINCE LATE 1977 WITH OTA, HICOM AND IAG, RESPONDING TO MARSHALLESE AND PALAUAN REQUESTS FOR FULL ADMINISTRATIVE SEPARATION, WE BELIEVE THAT THE MARSHALLS AND PALAU SHOULD BE LEGISLATIVELY SEPARATED FROM THE CENTRAL FOUR DISTRICTS AS QUICKLY AS FEASIBLE. USG VIEW WAS RELAYED TO MIPSC IN DOTA LETTERS OF OCT 14, 1977 AND MAR 3, 1978. THIS SEPARATION CAN BE ACCOMPLISHED THROUGH AMENDATION OF SECRETARY OF THE INTERIOR ORDER 2918 TO REMOVE MAR/PAL FROM THE JURISDICTION OF THE COM AND ESTABLISH THE NITIJELA AND THE PDL AS PARAMOUNT TTG LEGISLATIVE AUTHORITIES FOR THOSE DISTRICTS. ADDITIONAL ADMINISTRATIVE ORDERS BY HICOM WILL ALMOST CERTAINLY ALSO BE NECESSARY. WE OPPOSE FULL
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ADMINISTRATIVE SEPARATION IN THE STYLE OF THE NMI PRECEDENT NOT ONLY FOR SAKE OF OBVIOUS USG AND TTG ADMINISTRATIVE CONVENIENCE BUT BECAUSE SUCH ACTION WOULD CUT AGAINST OUR NEGOTIATING POSITION THAT WE WANT A SINGLE FREE ASSN AGREEMENT FOR ALL THREE ENTITIES AND THAT THEY WILL ENJOY IDENTICAL FREE ASSN RELATIONSHIP WITH US.

----MAJOR CONTENTIOUS ISSUE OF LEGISLATIVE SEPARATION IS ACCRUAL OF TAX REVENUES LEVIED BY 77 TTC. IMMEDIATE AND UNCONDITIONAL LEGISLATIVE SEPARATION WOULD OF COURSE ALLOW MAR/PAL TO DETERMINE THEIR OWN TAX STRUCTURES (INCLUDING RETENTION OF PRESENT ONE) AND WOULD ELIMINATE THE FLOW OF ANY MAR/PAL REVENUES TO COM. MAR/PAL HAVE LONG ADVOCATED SUCH APPROACH (SEE DISTAD MAJURO'S 300215Z JUL 78), WHILE COM MAINTAINS THAT IT SHOULD CONTINUE TO RECEIVE SOME PORTION OF MAR/PAL REVENUES, AT LEAST LONG ENOUGH TO COMPLETE FUNDING OF EXISTING COM APPROPRIATIONS FOR ADMINISTRATIVE SERVICES AND CONSTRUCTION PROJECTS COVERING ALL SIX DISTRICTS. THERE IS JUSTICE IN BOTH POSITIONS WHICH, WE BELIEVE, WOULD NOT SEEM AS IRRECONCILABLE AS THEY DO BUT FOR THE CONCURRENT STATUS NEGOT-

IATIONS. MIPSC HAS TAKEN POSITION ITS PARTICIPATION IN STATUS NEGOTIATIONS DEPENDENT ON PROMPT AND FULL LEGISLATIVE SEPARATION. PPSC CAN BE EXPECTED TO DO THE SAME, WHILE COM MAY TAKE OPPOSITE STANCE. WE SEE THIS

AS A MAJOR RISK IN A GUAM MEETING SO LONG IN ADVANCE OF NEXT ROUND OF STATUS NEGOTIATIONS--A RISK WHICH MAY ACTUALLY BE INCREASED BY THE POSTURE OF THAT U.S. SPONSORS OF MEETING ARE JUST THERE TO LISTEN AND NOT ACT (SEE PARA 9, BELOW). WE NOTE WITH CONCERN THE FINANCIAL HARDSHIP THE COM WOULD BEAR WITHOUT MAR/PAL REVENUES BUT TEND TO THE VIEW THAT CONTINUED MAR/PAL UNDERWRITING OF COM IS INSUPPORTABLE IN LIGHT OF REFERENDUM RESULTS. THE CONCLUSION SEEMS INESCAPABLE THAT USG WILL HAVE TO
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FURNISH TRANSITION FUNDING TO THE COM TO CUSHION THE TRANSITION. PRESUMABLY COM REVENUE WILL BE INCREASED SOMEWHAT AFTER JAN 1979 WHEN PROGRESSIVE INCOME TAX GOES INTO EFFECT.

4. A SECOND MAJOR TRANSITION 1 ISSUE IS THE FATE OF THIS NOVEMBER,S ELECTIONS. COM MAY OPT TO REQUEST THEIR'S BE CANCELLED, ALLOWING PRESENT MEMBERSHIP TO PARTICIPATE ALSO IN JANUARY 1979 REGULAR SESSION, TO BE FOLLOWED BY SPRING ELECTIONS TO NEW FSM-STYLE COM. REFERENCED MIPSC MESSAGE TAKES SIMILAR POSITION; I.E., CANCELLATION OF NOVEMBER NITIJELA ELECTIONS WITH FALL CONCON FOLLOWED BY DECEMBER OR JANUARY CONSTITUTIONAL REFERENDUM AND EITHER COINCIDENT OR VERY BRIEFLY DELAYED ELECTIONS FOR NEW CONSTITUTIONAL NITIJELA. WE HAVE NO INFO ON PALAUAN DESIRES BUT ASSUME THAT TMETUCHL, AT LEAST, WOULD WELCOME POSSIBILITY OF CANCELLATION OF NOVEMBER PDL ELECTIONS, GIVEN REFERENDUM RESULT. IN AFTERMATH OF REFERENDUM WE CAN CERTAINLY UNDERSTAND MARSHALLESE AND, TO SOME EXTENT, COM POINTS THAT THERE ARE TOO MANY ELECTIONS, BUT WE ARE DUBIOUS ABOUT CANCELLATION OF SCHEDULED ELECTIONS SINCE IT WOULD SEEM UPSETTING TO DEMOCRATIC PROCESS IN AFTERMATH OF REFERENDUM AND WOULD COME AT A TIME WHEN LEGISLATURES CONCERNED WOULD BE CALLED UPON TO MAKE SOME VERY IMPORTANT DECISIONS HAVING A PERMANENT IMPACT ON FUTURES OF THEIR PEOPLES. MOREOVER NEITHER MIPSC NOR PPSC CAN BE SURE AS YET UNWRITTEN CONSTITUTIONS WILL BE RATIFIED, SO THAT HOLDOVER LEGISLATURES COULD BE IN OFFICE MUCH LONGER THAN CONTEMPLATED.

----A SECOND ELECTION ISSUE CONCERNS QUESTION AS TO WHETHER, IF LEGISLATIVE ELECTIONS ARE HELD IN PAL/MAR IN
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NOVEMBER, NEW POLITICAL REALITIES AND SUBSTANTIVE

RESPONSIBILITIES OF THOSE BODIES REQUIRE ELECTION OF ENTIRE NEW MEMBERSHIPS, REAPPORTIONMENT OR OTHER CHANGES.

WE BELIEVE THAT THERE SHOULD BE CONFORMITY BETWEEN WHAT HAPPENS IN THE THREE AREAS SINCE OBVIOUS GOAL OF TRANSITION 1 IS THE INSTALLATION OF THREE CONSTITUTIONAL GOVERNMENTS IN A COORDINATED MANNER AT APPROXIMATELY THE SAME TIME, PRESUMABLY BY NEXT SUMMER.

5. A THIRD MAJOR TRANSITION 1 ISSUE IS THE DRAFTING OF THE INSTRUMENTS (SECRETARIAL ORDER OR POSSIBLE REVISION OF EXECUTIVE ORDER NO. 11021) BY WHICH CONSTITUTIONAL GOVERNMENTS WILL BE INSTALLED AND WHICH WILL DEFINE AND DELIMIT THE AUTHORITY AND RESPONSIBILITY OF THE HICOM AND USG BETWEEN TIME OF ISSUANCE AND TERMINATION OF TRUSTEESHIP. ASSUMING EACH OF THE THREE MICRONESIAN ENTITIES WILL SEEK TO ASSUME MAXIMUM EXECUTIVE POWERS WITH THE INSTALLATION OF THEIR CONSTITUTIONAL GOVERNMENTS, DIFFICULT QUESTIONS ARE RAISED REGARDING HICOM'S ACCOUNTABILITY FOR FEDERAL FUNDS, USG RESPONSIBILITY FOR FOREIGN AFFAIRS AND LEVELS OF AUTHORITY TO BE HELD BY ELECTED MICRONESIAN CHIEF EXECUTIVES. WE KNOW OF NO DEVELOPED MICRONESIAN POSITION ON THESE QUESTIONS BUT RECALL THAT BRITISH AND FRENCH UNTC MEMBERS QUERIED WHO WOULD MAKE THE DETERMINATION AS TO WHICH PARTS OF THE CFSM WERE INCONSISTENT WITH THE TA AND COULD THEREFORE NOT BE MADE EFFECTIVE PRIOR TO TERMINATION. WE RESPONDED THAT USG WOULD MAKE THIS DETERMINATION.

6. LEVEL OF USG EXPENDITURES IN TT PRESENTS A PROBLEM FOR TRANSITIONS 1 AND 2. SINCE ALL USG ASSISTANCE TO POST-TERMINATION MICRONESIA MUST REMAIN UNDER NEGOTIATED CEILING, THERE IS NO WAY CURRENT ADMINISTRATIVE, CIP AND FEDERAL CATEGORICAL EXPENDITURE LEVELS CAN BE RECONCILED WITH AUTHORIZED POST-TRUSTEESHIP LEVELS AND IT THEREFORE CONFIDENTIAL

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SEEMS OBVIOUS TO US THAT A SENSIBLE TRANSITION FROM THE ONE TO THE OTHER CAN BE DELAYED NO FURTHER. WE ARE AWARE THAT AT LEAST CFPST AND PPSC HAVE JAUNDICED VIEW OF GIVE-AWAY PROGRAMS AND PPSC HAS VOICED DOUBT ABOUT HEAVY ADMIN BURDEN THEY ARE LIKELY TO INHERIT FROM TTG.

7. WE CAN EXPECT THAT CFPST, IF NOT OTHER POLSTACOMS, WILL RAISE ISSUE OF RELOCATION OF HEADQUARTERS OUT OF SAIPAN. MAR/PAL CAN BE EXPECTED TO ASSERT THEIR EQUITY IN SOME PORTION OF PRESENT HQ FACILITIES AND SERVICES. THE QUESTION OF USG ASSISTANCE FOR RELOCATION WILL CERTAINLY COME UP IN CONTEXT OF STATUS NEGOTIATIONS. TERMS OF MY AUTHORIZATION FOR USG ASSISTANCE, WHICH HAS

NOT YET BEEN DISCUSSED WITH MICRONESIANS, SHOULD BE BORNE IN MIND IN ANY SUCH DISCUSSION.

8. CIP IS AN ISSUE WHICH COVERS BOTH TRANSITIONS.

PALAUAN POSITION (GOING-IN) IS THAT PRESENT CIP PROGRAM INADEQUATE AND NEEDS BUTTRESSING BY AT LEAST ANOTHER \$100 MILLION FOR PALAU ALONE. TRADITIONAL CFPST POSITION IS THAT THEY WILL NOT AGREE TO TERMINATION OF TRUSTEESHIP AGREEMENT UNTIL SATISFIED THAT USG HAS MET WHAT THEY BELIEVE TO BE ITS OBLIGATIONS IN FIELDS OF ECONOMIC AND SOCIAL DEVELOPMENT. SINCE ANTICIPATED TTPI BUDGET PLANNING CALLS FOR NO MORE THAN A COMPLETION OF THE FUNDING OF THE PRESENT CIP PROGRAM, ANY ADDITIONAL CONSTRUCTION PROGRAMS WILL HAVE TO CONSIDERED EITHER AS ADD-ONS TO FY 1981 BUDGET OR AS POTENTIAL USES FOR USG GRANT ASSISTANCE UNDER FREE ASSOCIATION COMPACT. AS STATED IN MY REPORTING CABLES DURING MY RECENT VISIT TO TT, POLSTACOM NEGOTIATING POSITIONS AND ACTUAL DISTRICT PLANNING ALREADY SEEM ALARMINGLY INFLUENCED BY SO-CALLED SECOND CONFIDENTIAL

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LEVEL CIP PROGRAM AND IT IS ABSOLUTELY ESSENTIAL THAT UNREALISTIC EXPECTATIONS BE PROMPTLY DEFLATED.

9. PLS BRIEF HICOM ON FOREGOING. IT WILL SERVE AS BACKGROUND FOR 17 AUG TRANSITION MEETING IF SUCH TAKES PLACE BUT THESE ARE, IN ANY EVENT, ISSUES WHICH MUST BE ADDRESSED BY HICOM AND DOTA WITHOUT DELAY. PURSUANT TO 2 AUG DISCUSSION WITH DOTA OUR UNDERSTANDING IS THAT ANY GUAM MEETING WILL BE FOR PURPOSE ONLY OF LISTENING TO POLSTACOM VIEWS ON TRANSITION 1 ISSUES. NO USG POSITIONS CAN BE ARTICULATED SINCE THERE ARE NO COORDINATED ADMINISTRATION POSITIONS AS YET.

----I HAVE ALERTED DOTA TO MY VERY REAL CONCERN THAT POLSTACOMS MUST, REPEAT MUST BE ADVISED IN ADVANCE THAT NO USG POSITIONS WILL BE ENUCIATED AT ANY SUCH "LISTENING" MEETING. THEY HAVE ALREADY GIVEN US MANY OF THEIR TRANSITION 1 POSITIONS; IN THE CASES OF MIPSC AND PPSC OVER MANY MONTHS, AND THEY ARE EXPECTING ANSWERS NOW, NOT FURTHER LISTENING. THERE IS A HIGH RISK THAT THAT POLSTACOMS' DISSAPOINTMENT AT NOTHING TANGIBLE EMERGING FROM SUCH A HIGH LEVEL MEETING MAY GIVE US REAL PROBLEMS IN THE SEPTEMBER STATUS NEGOTIATIONS. THIS WOULD NOT HAVE BEEN SUCH A HIGH RISK IF TRANSITION MEETING HAD TAKEN PLACE SIMULTANEOUSLY WITH A JULY 31 ROUND (ONE OF REASONS I WANTED IT SO VERY SOON AFTER REFERENDUM) BUT BY AUGUST 17 WHOLE PSYCHOLOGICAL SITUATION WILL BE DIFFERENT AND THEY WILL BE LOOKING FOR ANSWERS.

.0. FINALLY, MY VIEW RE AUG 17 PROPOSED MEETING IS SET FORTH WITH EXPLICITNESS IN AUG 1 MEMO TO DOTA, BEING POUCHED TO YOU. THIS EXPLAINS YOUR ROLE AS OBSERVER. AMB. ROSENBLATT SENDS. CHRISTOPHER

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